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Agenda Item X: Employment Relations Increased Training Staff and Support Request

Alternatives A4 and B2

Note: This request was originally submitted as a passive review to which you objected. Bob Lang called it to your attention, as DER had made a similar request during the last budget which JFC denied.

A4 -- DER wants \$45,300 PR for a one-time project position to do some strategic planning. Meanwhile, the department's training programs have come under fire, prompting the Committee to request an audit. The governor vetoed this audit. With effectiveness questions unresolved, and the governor not having bothered to include this request in his budget adjustment proposal, for the Committee to grant this position request would be as toothless as it is careless.

B2 -- Expands base-building expenditure authority by \$45,000 PR, which is \$38,900 less than DER requested, but Fiscal Bureau says is justified. (See paragraphs 3 and 4 on page 8).

As an aside, Julie spoke to Barb in Sen. Decker's office about this. Barb called to find out why you objected in the first place. Julie explained that it was a resubmission of a budget request which was voted down once already. Barb's response was that while Sen. Decker would probably support you, she didn't think it seemed like that big of a deal. The money is for training after all, which seemed like a good idea from her standpoint. She also asked to be updated of any changes in your opinion following your meeting with Jon Litscher.

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Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Employment Relations: Sections 16.515/16.505(2): Request for Increased Employee Development and Training Project Staffing and Program Support—Agenda Item X

On July 30, 1998, the Department of Administration (DOA) approved a request under ss. 16.515/16.505(2) of the statutes from the Department of Employment Relations (DER) and submitted the approved request to the Joint Committee on Finance for its review. The request approved by DOA would provide increased expenditure authority of \$149,300 PR in 1998-99 and would authorize 1.0 PR one-year project position under DER's employee development and training services appropriation [s. 20.512(1)(jm) of the statutes]. The one-year project position and associated increased expenditure authority (one-time funding of \$65,400 PR in 1998-99) would be used to direct the development and implementation of a strategic plan for DER's statewide training programs. The remaining increased expenditure authority (ongoing funding of \$83,900 PR in 1998-99) would support costs associated primarily with a projected higher number of training course offerings during the year.

The Co-chairs of the Committee, in a letter to Secretary Bugher on August 19, 1998, indicated that this request should receive further review by the Committee and that the Committee would schedule a meeting to consider the matter.

BACKGROUND

Agency Training Function. Under provisions of s. 230.046(10) of the statutes, DER is authorized to offer employee development and training programs to state and local units of government, coordinate state-sponsored employee development and training and charge fees for such undertakings. An employee development and training services appropriation available to DER currently supports two principal employee development and assistance functions: (1) the Office of Employee Development and Training (OEDT), which formulates, coordinates and offers training

programs for state and other governmental employees, including supervisory training and advanced labor management training, coordination of state-sponsored training programs and monitoring of state agency training programs; and (2) the State Employment Options (SEO) program which provides training to W-2 participants in order to help them obtain state civil service employment. Currently, this appropriation has an authorized expenditure level of \$342,300 PR in 1998-99. A total of 3.0 PR positions is currently authorized under the appropriation. Of the 3.0 FTE training officer positions currently supported from this appropriation, 1.0 PR position is assigned to the OEDT function, and 2.0 PR positions are assigned to the SEO program function.

Revenues to support these activities derive from the fees charged to state and other governmental agencies whose employees participate in employee development and training programs and from reimbursement received under a contract with the Department of Workforce Development for costs associated with the operation of the SEO program.

Biennial Budget Actions Affecting DER's Training Function. During the course of the Finance Committee's deliberations on the 1997-99 biennial state budget, an evaluation of the general operation and adequacy of funding of DER's training function was undertaken. As part of that review, the following findings were noted:

- Based on an analysis of actual program receipts for the training function through the 1995-96 fiscal year, training revenues were found to have declined in each of the preceding three fiscal years.
- This trend appeared to be attributable to several factors: (1) state agencies had been setting aside reduced amounts of their budgets for employee training; (2) there had been a reduced rate of hiring of new employees and slower turnover at the supervisory level resulting in a decline in demand for basic supervisory training; and (3) alternative training opportunities outside DER were available to state agencies;
- Of the 152 scheduled courses offered during the 1995-96 fiscal year, some 63 (41.4%) had to be canceled because of insufficient enrollments; an additional 33 had fewer than 10 enrollees each; and six of the courses lost money; and
- Largely as a result of declining training revenues, 1.25 PR of the 2.25 PR positions that were then authorized for the OEDT function at that time had not been filled for more than three years.

Based on these considerations, the Committee acted to delete the 1.25 PR long-term vacant positions for the OEDT and further eliminated \$43,900 PR of salary, fringe benefits and permanent property expenditure authority. As a result of this action, only 1.0 PR position remains assigned to the OEDT function.

Also during this period, the Governor's Commission on the Reform of the State Human Resource System issued its final report and made a number of recommendations relating specifically to state employee training functions. Among the Commission's recommendations in this area were the following:

1. DER should provide centralized coordination of statewide employee training but should minimize its role in the direct provision of training;
2. A state agency training council should be established by DER to explore the consolidation of training functions;
3. DER and the proposed training council should explore the development of training programs to provide core basic skills to supervisors, managers and executives; and
4. While DER should coordinate the provision of these training programs, the actual training itself should be provided by other agencies and organizations.

At the time, DER had not completed its review of these and other recommendations of the Commission to determine what, if any, changes should be incorporated into its current training functions. Nor had the Legislature addressed any of the policy or priority changes proposed by the Commission. In light of these circumstances and the continuing funding concerns associated with the training functions, the Committee included a session law provision requesting that the Joint Legislative Audit Committee direct the Legislative Audit Bureau to conduct a financial and performance evaluation audit of DER's training activities. Specifically, the audit would have addressed the following: (1) whether DER should continue to have any role in the direct provision of training courses; (2) what DER's role should be in employee training and whether its current statutory requirements in this area should be modified; (3) whether continued staffing should be provided in DER for training activities; and (4) how any such training functions might be made reliably self-supporting. The audit was to be submitted by September 1, 1998, so that the Legislature could use the audit findings in making funding decisions for the 1999-2001 biennial budget.

This financial and performance evaluation audit provision was subsequently item vetoed by the Governor.

Subsequent Budget Developments. In December, 1997, DER submitted a request to DOA for additional resources for the OEDT function for possible inclusion in the budget adjustment bill being developed at the time. The needs for the agency's training function at that time were identified as the following: increased expenditure authority of \$27,000 PR and authorization for 0.5 PR program assistant position for OEDT activities. The stated rationale for the position was the need to assist the existing OEDT training officer position in handling such matters as class registrations, processing course cancellations, preparing class-related handouts, invoicing state agencies and performing general clerical duties. DER further indicated at the time that it believed

there would be sufficient program receipts to fund the increased expenditure authority associated with the position.

The Department's OEDT proposal was not included in the Governor's recommendations contained in the budget adjustment bill.

ANALYSIS

The Components of the Recommended Request. Under DER's s. 16.515/16.505(2) request, as recommended by DOA, increased expenditure authority is requested in 1998-99 for the following purposes.

Project Position Funding. The first component of DER's recommended request is for increased one-time expenditure authority of \$65,400 PR in 1998-99 and authorization of 1.0 PR one-year project position to enable DER to undertake the development and implementation of a "Strategic Plan" for the agency's statewide training programs. The requested increased expenditure authority for 1998-99 would be sufficient to support 10 months of salary and fringe benefits (\$63,900 PR) and associated supplies and services (\$1,500 PR) of what the agency describes as "high-level project position." Under DER's request, additional one-time expenditure authority of \$11,600 PR in 1999-2000 would also be required to support the remaining two months of salary and fringe benefits funding for this position. However, any increased one-time expenditure authority for the 1999-2000 fiscal year (if the additional costs could not be supported within current base level expenditure authority levels) would have to be acted on by the Committee during the next fiscal biennium.

Revenues in the amount of \$60,000 PR to support the position would not be derived from increased course receipts but rather would come from three, separate one-time \$20,000 funding commitments from the following state agencies: the Departments of Commerce, Health and Family Services and Transportation. The remaining balances required to support the project position would be provided from DER training function revenues.

As indicated in DER's request narrative, the project position would engage in the following activities:

1. Development and implementation of measurement devices to determine the quality and effectiveness of state training efforts;
2. Review of alternative training methods that are complementary, most cost effective or are enhancements to current methods;
3. Development and implementation of methods to integrate training into the state's workforce;

4. Creation of a state "learning plan" to provide guidelines for state business practices and core competencies for employees;
5. Development of a comprehensive education program for state managers;
6. Development of ways to better service small agencies;
7. Ensure that close collaboration between state agencies to achieve effective and efficient training efforts statewide; and
8. Direct the efforts of the State Training Council, a coordinating body recommended by the Commission on the Reform of the State Human Resource System.

This proposed project position would be in addition to the 1.0 PR training officer permanent position already authorized for OEDT activities. DER indicates in its request that the current permanent position is required to provide basic supervisory development training, perform administrative and course scheduling tasks and oversee LTE support staff. This permanent position has been vacant since November 7, 1997.

Increased Expenditure Authority for Training Course Activities. The second component of DER's recommended request is for increased base building expenditure authority of \$83,900 PR annually (commencing in the 1998-99 fiscal year) to support increased spending associated with the following specific training activities:

**Requested Increased Base Building
Expenditure Authority for Training Activities in 1998-99**

<u>Activity</u>	<u>Current Budget</u>	<u>Proposed Expenditure Authority</u>	<u>Net Increase</u>
OEDT Training	\$133,700	\$168,900	\$35,200
State Employment Options Program	168,800	188,800	20,000
Advanced Labor Management Training	30,000	45,000	15,000
Summer Affirmative Action Intern Training	800	2,500	1,700
Merit Recruitment and Selection Training	4,000	5,000	1,000
Classification and Compensation Training	0	1,000	1,000
Special Projects Training	<u>5,000</u>	<u>15,000</u>	<u>10,000</u>
Totals	\$342,300	\$426,200	\$83,900

The additional expenditure authority requested for the OEDT training component would apparently be utilized to employ LTE staff to provide general class registration, course materials preparation and billing activities. The additional expenditure authority requested for the State Employment Options program component is associated with a higher level of contract funding

provided for the 1998-99 fiscal year under the Department of Workforce Development's contract with DER for the operation of the program. All of the other training activities for which increased expenditure authority is being requested are projected by DER to experience future increased demand. For the just-concluded 1997-98 fiscal year, the total expenditure authority for the agency's training appropriation was also \$342,300 PR. Total expenditures during 1997-98 for all training activities funded from the appropriation were \$313,100 PR. Total training program revenues received in 1997-98 amounted to \$385,400, of which \$167,300 was attributable to the State Employment Options program contract.

Discussion of Authorizing and Funding the Project Position. DER has indicated that it would utilize the one-year project position to prepare a "Strategic Plan" for the agency's statewide training programs. The components of that strategic plan were enumerated above.

While the development of an extensive strategic plan may be desirable, it is important to note that the Governor's Commission on the Reform of the State Human Resource System envisioned [Recommendation EDT-1] that "DER should minimize its role in the direct provision of training and focus on coordination, program development and clearinghouse functions." Nonetheless, the Commission recognized elsewhere in its report [the rationale for Recommendation EDT-2] that "employe training is a responsibility shared by operating agencies and the Department..."

At this writing, however, there continues to be a concern over the long-term viability of the Department's Office of Employee Development and Training function. In the 1996-97 fiscal year, the agency's training revenues from OEDT and quality improvement activities continued to decline relative to the preceding fiscal year. The 1997-98 fiscal year did show a recovery, however, with revenues increasing for the first time in recent years. But as noted above, the training officer position attached to the OEDT function has now been vacant since last November, with most staffing functions being performed by LTE's. There may be some preliminary evidence that this staffing pattern is having an adverse impact on the ability of the Department to successfully offer training courses. For example, from the beginning of the current fiscal year through late August, the Department has been able to successfully offer 10 classes conducted by outside vendors at a total vendor cost of \$5,745 but had to cancel 17 such classes but still incurred total vendor costs of \$28,721.

It may be recalled that there were similar concerns raised about DER's training function during this Committee's 1997-99 biennial budget deliberations. Those concerns led the Committee to include the session law provision requesting a financial and performance evaluation audit of DER's training activities. As noted earlier, that audit provision was item vetoed.

If the Committee acts to provide a project position and associated expenditure authority for DER's training function for the purpose of developing a strategic plan for the agency's statewide training programs, the Committee may also wish to specify that Department utilize the position, in part, to address some of the Committee's earlier concerns. Under this approach, the Department could be directed to report to the Committee, no later than April 1, 1999, on all of the following: (1)

whether DER should continue to have any role in the direct provision of training courses; (2) what DER's role should be in employee training and whether its current statutory requirements in this area should be modified; (3) whether continued staffing should be provided in DER for training activities; and (4) how any such training functions might be made reliably self-supporting.

Further, if the Committee chooses to authorize the project position and associated funding, it may question whether an annual salary of \$55,800 PR and fringe benefits of \$19,700 PR (plus \$1,500 PR for supplies and services costs) for what the agency terms "a high-level project position" is required. Arguably, a position funded at the equivalent of a senior level program and planning analyst (PPA 6) position (equivalent to an annual salary of \$32,600 PR and fringe benefits of \$11,200 PR) would appear sufficient (plus the \$1,500 PR supplies and services costs).

In either case, if the Committee provides the project position as requested by the Department or at a reduced salary and fringe benefits level for the equivalent of a senior-level program and planning analyst, funding for only seven months in 1998-99 would be required at this juncture, assuming a start-date for the new position around November 1, 1998.

Accordingly, if the Committee acts to authorize the project position as proposed in the agency's request, one-time funding of \$45,300 PR (salary and fringe benefits of \$43,800 PR and supplies and services funding of \$1,500 PR) would be required for the remainder of 1998-99, rather than \$65,400 PR, as contained in the original request. If the Committee authorizes the project position to reflect a position equivalent to a senior level program and planning analyst, one-time funding of \$30,000 PR (salary and fringe benefits of \$28,500 PR and supplies and services funding of \$1,500 PR) would be required for the remainder of 1998-99.

Finally, the Committee may conclude that the question of additional staffing for DER's training function should be deferred until after a more systematic review of these needs during the Committee's 1999-2001 biennial budget deliberations. Under this alternative, the Committee could deny providing the requested project position and associated funding at this time.

Discussion of Increased Expenditure Authority for Training Course Activities. Since the Committee's actions during the 1997-99 biennial budget deliberations setting the authorized expenditure authority for DER's employee development and training services appropriation at \$342,300 PR annually, the agency has experienced increased expenditures in following three program areas:

- The contract between DER and the Department of Workforce Development governing the State Employment Options program which provides training to W-2 participants to help them obtain state civil service employment has been revised. DER will now receive \$188,800 PR during 1998-99 (rather than the \$168,800 PR originally budgeted) to support increased training activities. Therefore, on-going increased expenditure authority of \$20,000 PR in 1998-99 has been requested.

- The advanced labor management training program, offered through DER's Division of Collective Bargaining, has proved increasingly popular. Expenditures for the program increased from \$31,000 PR in 1996-97 to \$41,100 PR in 1997-98. Annual enrollments have increased from 160 to 204 during this period. Expenditures of \$30,000 PR annually were included in the budget for these courses. DER currently projects 1998-99 expenditures of \$45,000 PR for the labor management training courses. Therefore, on-going increased expenditure authority of \$15,000 PR in 1998-99 has been requested.
- DER has been receiving reimbursements from other state agencies and individuals. Current state accounting rules require these reimbursed amounts be treated as revenues and the previously offset agency costs be treated as increased expenditures. Any such increased expenditures as a result of this accounting treatment serve to reduce the available expenditure authority otherwise available in the training appropriation. Initially, expenditure authority of \$5,000 PR annually was budgeted for this purpose. The Department incurred actual expenditures of this type of \$15,000 PR in 1997-98 and anticipates a comparable level of expenditures in 1998-99. Therefore, on-going increased expenditure authority of \$10,000 PR in 1998-99 has been requested.

The total requested base building increase in expenditure authority associated with these three activities amounts to \$45,000 PR in 1998-99. These additional expenditures were not anticipated when the agency's training budget was reviewed and appear reasonable. The Committee may wish to provide these additional amounts.

The Department has also requested increased base building expenditure authority totaling \$38,900 PR in 1998-99 associated with projected increases in OEDT training, summer affirmative action intern training, merit recruitment and selection training and classification and compensation training. The agency currently has base level expenditure authority of \$342,300 PR annually. In the 1997-98 fiscal year, total expenditures amounted to \$313,100 PR, leaving available unused expenditure authority of \$29,200 PR. It would appear likely that the agency has sufficient residual expenditure authority in its training appropriation to support any modest program growth in the above activities. Consequently, the Committee may wish to deny providing increased base building expenditure authority of \$38,900 PR for these purposes in 1998-99.

ALTERNATIVES

A. *Project Position Funding*

1. Approve the request of the Department of Employment Relations for increased one-time expenditure authority under its s. 20.512(1)(jm) appropriation at a revised level of \$45,300 PR [to reflect seven months of position funding] in 1998-99 and authorize 1.0 PR one-year project position.

2. Approve the request of the Department of Employment Relations for increased one-time expenditure authority under its s. 20.512(1)(jm) appropriation at a revised level of \$30,000 PR [to reflect a salary and fringe benefits equivalent to a senior level program and planning analyst position and to reflect seven months of position funding] in 1998-99 and authorize 1.0 PR one-year project position.

3. *In addition to either A-1 or A-2*, require that the Department report to the Committee, no later than April 1, 1999, on all of the following: (1) whether DER should continue to have any role in the direct provision of training courses; (2) what DER's role should be in employee training and whether its current statutory requirements in this area should be modified; (3) whether continued staffing should be provided in DER for training activities; and (4) how any such training functions might be made reliably self-supporting.

4. Deny the Department's request for a one-year project position and associated expenditure authority.

B. Increased Expenditure Authority for Training Course Activities

~~1.~~ Approve the Department's request for increased base building expenditure authority under its s. 20.512(1)(jm) appropriation of \$83,900 PR in 1998-99 to support increased spending associated with training activities funded under the appropriation:

2. Approve increased base building expenditure authority under its s. 20.512(1)(jm) appropriation of \$45,000 PR in 1998-99 to support increased spending associated with the State Employment Options program (\$20,000 PR), the advanced labor management training programs (\$15,000 PR), the treatment of reimbursements received from other state agencies and individuals and accounted for under this appropriation (\$10,000 PR).

3. Deny the Department's request for increased base building expenditure authority under its s. 20.512(1)(jm) appropriation to support increased spending MO# _____ activities.

Prepared by: Tony Mason

WEEDEN	Y	N	A
FARROW	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
SCHULTZ	Y	N	A
ROSENZWEIG	Y	N	A
BURKE	Y	N	A
DECKER	Y	N	A
GARD	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A



Legislative Fiscal Bureau

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August 12, 1998

TO: Members
 Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Request Under Sections 16.515/16.505(2): Department of Employment Relations
 Training Activities

The Department of Administration (DOA) has approved a request under ss. 16.515/16.505(2) of the statutes from the Department of Employment Relations (DER). The approved request would provide increased expenditure authority of \$149,300 PR in 1998-99 and authorize 1.0 PR one-year project position under DER's employe development and training services appropriation [s. 20.512(1)(jm) of the statutes]. The one-year project position and associated increased expenditure authority (one-time funding of \$65,400 PR in 1998-99) would be used to direct the development and implementation of a strategic plan for DER's statewide training programs. The remaining increased expenditure authority (ongoing funding of \$83,900 PR in 1998-99) would support costs associated primarily with a projected higher number of training course offerings during the year. Currently, DER's s. 20.512(1)(jm) training services appropriation has an authorized expenditure level of \$342,300 PR in 1998-99. A total of 3.0 PR positions is currently authorized under the appropriation.

Supplementations to agencies' program revenue accounts may be authorized where it is demonstrated that: (1) an emergency exists; (2) no funds are available; and (3) the purpose for which the supplementation is requested has been authorized or directed by the Legislature. As provided under provision of ss. 16.515/16.505(2) of the statutes, the Committee's 14-working day review period runs through August 19, 1998. This request will stand approved on August 20, 1998, unless the Committee notifies DOA that it wishes to meet formally on the request.

BACKGROUND

The employe development and training services appropriation currently supports two principal employe development and assistance functions in DER: (1) the Office of Employe

Development and Training (OEDT), which formulates, coordinates and offers training programs for state and other governmental employees, including supervisory training and advanced labor management training, coordination of state-sponsored training programs and monitoring of state agency training programs; and (2) the State Employment Options (SEO) program which provides training to W-2 participants in order to help them obtain state civil service employment. Of the 3.0 FTE training officer positions currently supported from this appropriation, 1.0 PR position is assigned to the OEDT function, and 2.0 PR positions are assigned to the SEO program function.

Revenues to support these activities derive from the fees charged to state and other governmental agencies whose employees participate in employee development and training programs and from reimbursement received under a contract with the Department of Workforce Development for costs associated with the operation of the SEO program.

During the course of the Finance Committee's deliberations on the 1997-99 biennial state budget, an evaluation of the general operation and adequacy of funding of DER's training function was undertaken. As part of that review, the following findings were noted:

- Annual revenues for the training function had declined in every fiscal year since 1993-94;
- This trend appeared to be attributable to several factors: (1) state agencies had been setting aside reduced amounts of their budgets for employee training; (2) there had been a reduced rate of hiring of new employees and slower turnover at the supervisory level resulting in a decline in demand for basic supervisory training; and (3) alternative training opportunities outside DER were available to state agencies;
- Of the 152 scheduled courses offered during the 1995-96 fiscal year, some 63 (41.4%) had to be canceled because of insufficient enrollments; an additional 33 had fewer than 10 enrollees each; and six of the courses actually lost money; and
- Largely as a result of declining training revenues, 1.25 PR of the 2.25 PR positions that were then authorized for the OEDT function had not been filled for more than three years.

Based on these considerations, the Committee acted to delete the 1.25 PR long-term vacant positions for the OEDT and \$43,900 PR of salary, fringe benefits and permanent property expenditure authority. As a result of this action, only 1.0 PR position remained assigned to the OEDT function.

Finally, the Committee was apprised of the fact that the Governor's Commission on the Reform of the State Human Resource System had made a number of recommendations in its final report relating specifically to state employee training functions. Among the Commission's recommendations in this area were the following: (1) DER should provide centralized coordination of statewide employee training but should minimize its role in the direct provision of training; (2) a state agency training council should be established by DER to explore the consolidation of training

functions; (3) DER and the proposed training council should explore the development of training programs to provide core basic skills to supervisors, managers and executives; and (4) while DER should coordinate the provision of these training programs, the actual training itself should be provided by other agencies and organizations.

At the time, DER had not completed its review of these and other recommendations of the Commission to determine what, if any, changes should be incorporated into its current training functions. Nor had the Legislature addressed any of the policy or priority changes proposed by the Commission. In light of these circumstances and the continuing funding concerns associated with the training function, the Committee included a session law provision requesting that the Joint Legislative Audit Committee direct the Legislative Audit Bureau to conduct a financial and performance evaluation audit of DER training activities. Specifically, the audit would have addressed the following: (1) whether DER should continue to have any role in the direct provision of training courses; (2) what DER's role should be in employee training and whether its current statutory requirements in this area should be modified; (3) whether continued staffing should be provided in DER for training activities; and (4) how any such training functions might be made reliably self-supporting. The audit was to be submitted by September 1, 1998, so that the Legislature could use the audit findings in making funding decisions for the 1999-2001 biennial budget.

This financial and performance evaluation audit provision was subsequently item vetoed by the Governor.

SUMMARY OF REQUEST

Under DER's s. 16.515/16.505(2) request, as recommended by DOA, increased expenditure authority is requested in 1998-99 for the following purposes.

Project Position Funding. The first component of DER's request is for increased one-time expenditure authority of \$65,400 PR would be provided in 1998-99 and 1.0 PR one-year project position would be authorized to enable DER to undertake the development and implementation of a "Strategic Plan" for the agency's statewide training programs. The requested increased expenditure authority would support approximately 10 months of salary and fringe benefits (\$63,900 PR) and associated supplies and services (\$1,500 PR) of what the agency describes as "a high-level project position." Under DER's request, additional one-time expenditure authority of \$11,600 PR in 1999-2000 would also be required to support the remaining two months of salary and fringe benefits funding for this position. However, any such increased one-time expenditure authority for the 1999-2000 fiscal year, if actually required, would have to be acted on by the Committee during the next fiscal biennium.

Funding in the amount of \$60,000 PR to support the position would not come from increased course revenues but would instead be derived from three, separate one-time \$20,000

funding commitments from the following state agencies: the Departments of Commerce, Health and Family Services and Transportation. The remaining balances required to support the project position would be provided from DER training function revenues.

As indicated in DER's request narrative, the project position would engage in the following activities:

1. Development and implementation of measurement devices to determine the quality and effectiveness of state training efforts;
2. Review alternative training methods that are complementary, more cost effective or are enhancements to current methods;
3. Development and implementation of methods to integrate training into the state's workforce;
4. Creation of a state "learning plan" to provide guidelines for state business practices and core competencies for employees;
5. Development of a comprehensive education program for state managers;
6. Development of ways to better serve small agencies;
7. Ensure the close collaboration between state agencies to achieve effective and efficient training efforts statewide; and
8. Direct the efforts of the State Training Council, a coordinating body recommended by the Commission on the Reform of the State Human Resource System.

This proposed project position would be in addition to the 1.0 PR training officer permanent position already authorized for OEDT activities. DER indicates in its request that the current permanent position is required to provide basic supervisory development training, perform administrative and course scheduling tasks and oversee LTE support staff. This permanent position has been vacant since November 7, 1997.

Increased Expenditure Authority for Training Courses. The second component of DER's request is for increased base building expenditure authority of \$83,900 PR annually (commencing in the 1998-99 fiscal year) to support increased spending associated with the following specific training activities:

**Requested Increased Base Building
Expenditure Authority for Training Activities in 1998-99**

<u>Activity</u>	<u>Current Budget</u>	<u>Proposed Expenditure Authority</u>	<u>Net Increase</u>
OEDT Training	\$133,700	\$168,900	\$35,200
State Employment Options Program	168,800	188,800	20,000
Advanced Labor Management Training	30,000	45,000	15,000
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Merit Recruitment and Selection Training	4,000	5,000	1,000
Classification and Compensation Training	-0-	1,000	1,000
Special Projects Training	<u>5,000</u>	<u>15,000</u>	<u>10,000</u>
Totals	\$342,300	\$426,200	\$83,900

The additional expenditure authority requested for the OEDT training component would apparently be utilized to employ LTE staff to provide general class registration, course materials preparation and billing activities. The additional expenditure authority requested for the State Employment Options program component is associated with a higher level of contract funding provided for 1998-99 under the Department of Workforce Development's contract with DER for the operation of the program. All of the other training activities for which increased expenditure authority is being requested are projected by DER to experience future demand. For the just concluded 1997-98 fiscal year, the total expenditure authority for the training appropriation was also \$342,300 PR. Total expenditures for all training activities funded from the appropriation were \$313,100 PR. Total training program revenues received in 1997-98 amounted to \$385,400, of which \$167,300 was attributable to the State Employment Options program contract.

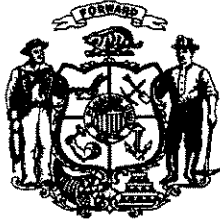
If you have any questions about this request, please contact this office.

BL/dls

THE STATE OF WISCONSIN

SENATE CHAIR
TIM WEEDEN

1 E. Main, Suite 203
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-2253



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Tim Weeden
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: July 30, 1998

Re: s. 16.515/16.505(2) Stats. Request

Attached is a copy of a request from the Department of Administration, dated July 30, 1998, pursuant to s. 16.515/16.505(2), Stats., pertaining to a request from the Department of Employment Relations.

Please review the material and notify **Senator Weeden** or **Representative Gard** no later than **Tuesday, August 18, 1998**, if you have any concerns about the request or if you would like to meet formally to consider it.

Also, please contact us if you need further information.

Attachment

TW:JG:dh

JOINT FINANCE INFORMATION

Senator Brian Burke
119 MLK, Room 516



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864



Date: July 30, 1998

To: The Honorable Timothy Weeden, Co-Chair
Joint Committee on Finance

JUL 30 1998

The Honorable John Gard, Co-Chair
Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration

Subject: S. 16.515/16.505(2) Requests

Enclosed are requests that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1997-98</u>		<u>1998-99</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DER 20.512(1)(jm)	Departmental Training Activities			\$149,300*	1.00**

* Ongoing spending authority of \$83,900.

** Project position authority from 8/1/98 to 7/31/99.

As provided in s. 16.515, the requests will be approved on August 20, 1998, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Vicky LaBelle at 266-1072, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864



Date: July 27, 1998

To: Mark D. Bugher, Secretary
Department of Administration

From: Dennis Presser
State Budget Office

Subject: Request Under 16.505/515 From the Department of Employment Relations For increased spending authority and authority for one (1.0 FTE) project position for a period of one year.

REQUEST:

The Department of Employment Relations (DER) requests an increase of \$149,300 PR in spending authority and 1.0 FTE one year project position in FY98 in the appropriation under s.20.512(1)(jm) for employee development and training services. Of this amount, \$83,900 PRO is an annualized, ongoing increase in spending authority to support departmental training activities.

REVENUE SOURCES FOR APPROPRIATION(S):

Revenues for this appropriation are fees charged to state agencies and local units of government whose employees take any of the courses offered through the Office of Employee Development and Training (OEDT) or a division within the department.

BACKGROUND:

Section 230.046(10), Wis. Stats., requires the department to coordinate state-sponsored employee development and training programs with state agency appointing authorities and authorizes the department to conduct those programs. The department may offer employee development and training programs to local units of government. The department is also authorized to charge fees to recover the costs of these programs. Most revenues come from state agencies.

The Governor's 1997-99 budget recommendations included a proposal to convert funding for .5 FTE from PR to GPR. This was deleted by the Joint Committee on Finance. Part of the rationale for the funding conversion was a decline in program revenue collections, which fell from \$195,950 PR in FY94 to \$129,856 in FY96. In addition, the Governor recommended reducing spending authority for employee development and training by \$15,800 PR annually. The program was further reduced by \$43,900 PR and 1.25 FTE's by the Legislature. In its budget request the department did not offer a business plan demonstrating how the program would remain solvent at existing spending levels. The Legislature included a session law

directing the Legislative Audit Bureau to conduct a financial and performance evaluation audit and the Governor vetoed the provision.

ANALYSIS:

Since the passage of 1997 Wisconsin Act 27 DER cites a change in circumstances which warrant reconsideration of the staffing level and spending authority for the training and development programs. Key among these are expressed demands for an organized approach to state training activities, backed up by agreements from three agencies to share the costs of the project position. In addition, the department has formulated responses to the recommendations of the Governor's Commission on Reform of the Human Resource System (Commission).

The project position would direct the development and implementation of a strategic plan for the department's statewide training program. The Commission's report contained several recommendations regarding state training efforts that would be addressed:

- The department should provide centralized coordination of statewide employee training.
- The department should create and encourage participation in a State Agency Training Council to advise the Secretary of DER about human resource training needs of state agencies and to develop standards for training programs. The Council should also explore consolidation of training programs and more efficient use of resources.
- The department should identify core skills needed by supervisors, managers and executives and develop training programs to address those skills.
- The department should develop an advanced manager/supervisor training program on the latest trends in the human resources field and an employee orientation program for new hires.
- The State Agency Training Council should create a program of leadership training regarding conflict resolution, consensus problem solving and team building.
- The department should provide consultation and technical assistance to small agencies in areas such as needs assessment, referrals to other agencies, and evaluation.

DER concludes that these recommendations cannot be acted upon without additional resources and personnel.

Ongoing Chapter 20 spending authority for the training appropriation is \$342,300 PR annually in the current biennium. Revenues projected for FY98 are \$367,900. Including the cost reimbursement proposal for the project position, revenues in FY99 are estimated to be \$522,000 (See Attachment in agency's request).

The department believes the \$83,900 increase in ongoing PR spending authority can be funded through fees charged for OEDT training courses or other services provided by the department.

This request can be broken into the following spending categories:

Spending Authority	FY99	FY00
Salary (Project position)	\$47,200 (one-time)	\$8,600 (one-time)
Fringe	16,700 (one-time)	3,000 (one-time)
Supplies and Services	1,500 (one-time)	0
OEDT	35,200 (ongoing)	35,200 (ongoing)
State Employment Options	20,000 (ongoing)	20,000 (ongoing)
Advanced Labor Management	15,000 (ongoing)	15,000 (ongoing)
Summer Affirmative Action Intern Program seminar	1,700 (ongoing)	1,700 (ongoing)
DMRS Recruitment & Selection training	1,000 (ongoing)	1,000 (ongoing)
Classification & Compensation training	1,000 (ongoing)	1,000 (ongoing)
Special Projects	10,000 (ongoing)	10,000 (ongoing)
Total	\$149,300	\$95,500

DER includes in its request projected financial statements containing costs and revenues associated with each of its training activities. The FY00 ending balance for the appropriation, assuming the requested spending authority above, is \$127,000.

RECOMMENDATION:

Approve the request.

State of Wisconsin

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



COPY

137 East Wilson Street
P.O. Box 7855
Madison, WI 53707-7855

DENNIS
PRESSER

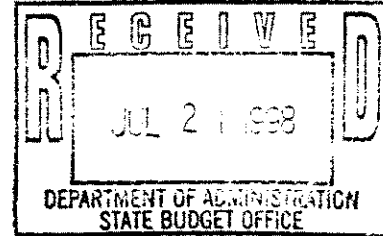
DEPARTMENT OF EMPLOYMENT RELATIONS

DATE: July 21, 1998

TO: Richard G. Chandler
State Budget Director
Department of Administration

FROM: Jon E. Litscher
Secretary

SUBJECT: S. 16.505 and 16.515 Request for Employee Development and Training Services
Appropriation



REQUEST

The Department of Employment Relations (DER) requests approval under ss. 16.505 and 16.515, Wis. Stats. for the following additional position and spending authority for Fiscal Year 1998-99:

- Authorization of 1.00 PRO FTE project position for the Office of Employee Development and Training (OEDT) for a period of one year.
- An increase of \$160,900 PRO in spending authority for Employee Development and Training services under appropriation, s. 20.512 (1)(jm). \$77,000 of the funding is one-time funding: \$63,900 for the project position (salary, fringe benefits) for 22 pay periods in FY99 and \$11,600 for the project position during 4 pay periods in FY 00, plus \$1,500 in supplies for FY 99. \$83,900 is for a permanent increase in the ongoing spending authority to support departmental training activities.

REVENUE SOURCE FOR APPROPRIATION

The affected appropriation is s. 20.512 (1)(jm), "Employee Development and Training Services." The numeric appropriation is 133.

Revenues are derived from fees charged to state agencies whose employees take any of the courses offered through the Office of Employee Development and Training or one of the Divisions within DER. The project position would be funded (1) with \$60,000 provided by three state agencies which have agreed in advance to provide financial support for this one-time activity; and (2) the remainder from revenues generated through OEDT training courses. The increase in ongoing spending authority would be funded through fees charged for OEDT training courses or the other courses/services described in this request.



S. 230.046 (10) (b) 3. authorizes the Department of Employment Relations to “charge fees to state agencies and local governmental units whose employees participate in employee development and training programs under this subsection.” Nearly all of the revenues are derived from state agencies rather than local governmental units.

BACKGROUND

S. 230.046 (10), Wis. Stats., authorizes the Department to conduct employee development and training programs and, in cooperation with appointing authorities, requires DER to coordinate state-sponsored employee development training programs. The Department is authorized to charge fees to state agencies whose employees participate in employee development and training programs.

The Employee Development and Training Services appropriation encompasses several training-related activities within the Department of Employment Relations:

- Office of Employee Development and Training (OEDT)
- State Employment Options (SEO)
- Advanced Labor Management (ALM) training offered through the Division of Collective Bargaining
- Recruitment and Selection training offered through the Division of Merit Recruitment and Selection
- Compensation training offered through the Division of Classification and Compensation

The training programs (as well as other expenses recorded in this appropriation) are described in Attachment I.

Funding for these programs is contained in alpha appropriation 20.512 (1) (jm) (numeric appropriation 133). Within the appropriation, expenditures and revenues are maintained separately for each subprogram.

The Department is submitting this request at this time because several circumstances have changed since DER's 1997-99 Biennial Budget request was submitted two years ago.

- The demands for program spending — and the availability of revenues — have increased beyond those levels expected in the Department's 1997-99 request. Additional training needs and requests have been identified.
- Spending and position authority for this appropriation was reduced during legislative consideration of the 1997-99 Biennial Budget.
- In December 1996, the Governor's Commission on State Human Resource Reform released its report, which contained several key recommendations regarding state training efforts. (See below.)

In general, this request is justified on the basis of the recommendations of the Governor's Commission on Reform of the Human Resource System, the need for strategic planning in the

training area, the growing demand from state agencies for training provided by DER and the reduction in spending and position authority that was made during legislative action on the 1997-99 Biennial Budget.

The following are the major recommendations of the Governor's Commission related to training:

- DER should provide centralized coordination of statewide employee training.
- DER should create and encourage participation in a State Agency Training Council to advise the Secretary of DER about human resource training needs of state agencies and to develop standards for training programs. The Council should also explore consolidation of training programs and more efficient use of resources.
- DER should identify core skills needed by supervisors, managers and executives and develop training programs to address those skills.
- DER should develop an advanced management/supervisor training program on the latest trends in human resources area and an employee orientation program for new hires.
- The State Agency Training Council should create a program of leadership training regarding conflict resolution, consensus problem solving and team building.
- DER should provide consultation and technical assistance to small agencies in areas such as needs assessment, referrals to other agencies, and evaluation.

COMPLIANCE WITH CRITERIA IN SS. 16.505 AND 16.515

This request meets the criteria in ss. 16.505 and 16.515 as follows:

- I. The appropriation is insufficient to accomplish the purposes for which the appropriation was made. Without additional spending and position authority, the Department will be hampered in its ability to fulfill its statutory responsibility of coordinating state training programs and to offer quality training programs in an efficient way to meet the needs and demands of state agencies. It will be hampered in implementing the recommendations of the Governor's Commission on Reform of the Human Resource System.
- II. The appropriation must have sufficient revenues to support the increased funding. As shown in the letters included in Attachment II, the Department has received funding commitments from three state agencies for the project position. For the remaining portion of the request, the various training activities have generated or will generate sufficient revenues to support the increased spending authority.
- III. Purpose of spending increase must have been authorized by law or directed by the Legislature. As noted above, s. 230.046 (10)(b), Wis. Stats., gives the Department broad authority to conduct employee training and development services for state employees and to charge for those services.

PURPOSE AND NEED FOR ADDITIONAL SPENDING AUTHORITY

Segment I. 1.0 FTE PRO 12-month project position and \$77,000 PRO for salary, fringe benefits and supplies. This position will direct the development and implementation of a Strategic Plan for the Department's statewide training program by:

- a) Developing and implementing measurement devices to determine the quality and effectiveness of state training efforts;
- b) Reviewing alternative training methods that are complementary, more cost effective or enhancements on existing methods;
- c) Developing and implementing methodology to integrate training into the state's workforce;
- d) Creating a state learning plan that will include guidelines for state business practices and core competencies for employees;
- e) Developing a comprehensive education program for state managers that draws on existing resources from the University, the technical college system, and existing state managers;
- f) Developing ways to better serve small agencies and create a training clearinghouse function using electronic means;
- g) Ensuring the close collaboration between state agencies which results in effective and efficient training efforts statewide; and
- h) Directing the efforts of the State Training Council created on recommendation of the Commission on State Human Resource Reform. The Council would work in concert with the project position to achieve the goals stated in items (a) through (g) above.

In order to achieve these objectives, a high-level project position is required. Funding commitments from three agencies (along with regular training course revenues) will provide sufficient revenues to cover salary and fringe benefits, plus \$1,500 in supplies and services.

This appropriation currently authorizes only 1.0 FTE permanent position, but this position cannot be used for the activities listed above. The permanent position is needed for the following functions:

- Provide training instruction in Basic Supervisory Development and other courses offered by OEDT.
- Perform administrative tasks such as negotiating and scheduling classes with training providers and generally managing the training programs.
- Oversee LTE program support staff.

This position has been vacant for part of FY 98, in part because of the insufficient spending authority to fill it on a year-round basis.

Segment II. The remainder of the requested funding (\$83,900) is needed to allow the other training programs within this appropriation to fulfill program needs. In some cases, expenditures in FY98 have been constrained below optimum levels in order to stay within the overall authorized spending level. The Department was unable to plan or execute certain activities due to the low spending authority. Because the Department cannot predict how many vendor-taught courses will be held as scheduled, it must reserve sufficient spending authority to cover all scheduled courses until they are held or canceled. This situation has prevented the Department from sending DER staff who serve as instructors to their own training, and from hiring LTEs to provide clerical support for Office of Employee Development and Training.

The additional funding in this request will be used for the training activities listed below. Attachment III shows — for each program — the current budgeted amounts, FY98 expenditures and revenues and the revised budgets requested for FY99. Fees charged to training attendees will generate sufficient revenues to cover increased spending; if demand for a particular course or activity is insufficient, the training program will not be offered and no costs will be incurred.

- a) *The Advanced Labor Management (ALM) Program operated through the Division of Collective Bargaining:* interest and demand for labor-management training courses has increased. Expenditures for this program averaged only \$31,500 annually in the 1995-97 biennium. However, because of additional demand, FY98 expenditures will be around \$41,000. The Department expects that spending could be \$45,000 in FY99 if this request for increased spending authority is approved. In addition to the traditional five-day ALM course, state agencies have expressed an interest in more specialized, targeted courses on labor-management issues. For example, the Department is considering at least two sessions targeted to employees of the Departments of Correction and Revenue. Furthermore, the Department is planning three Labor Relations presentations to the Wisconsin Public Employment Labor Relations Association, an Executive Labor Relations program in Madison and a special Labor Relations Training Program at Chippewa Valley Technical College in Eau Claire. ALM revenues in FY98 are \$53,800, so there will be sufficient revenue to support the increased activity. Without additional spending authority, the Department will have to turn down requests for expanded training. The Department will also have to scale back on training and development for DER staff who conduct the ALM and other training courses.
- b) *The State Employment Options (SEO) program* is funded through an inter-agency contract with the Department of Workforce Development (DWD). The contracts allow for maximum expenditures for the 1997-98 and 1998-99 fiscal years of \$182,200 and \$188,800, respectively. These amounts are significantly higher than anticipated when DER prepared its 1997-99 Biennial Budget recommendations. Although annual expenditures have been less than these maximums, the existing overall spending authority for training appropriation 133 would prevent the SEO program from spending up to its authorized contract amount. The SEO program is evolving under the State's new W-2 policies. In order to respond to new demands and institute new program initiatives, the SEO program must have the flexibility to spend up to the amount authorized in its contract with DWD.
- c) *The Division of Merit Recruitment and Selection (DMRS)* has successfully developed and administered its Recruitment and Selection training to state agency supervisors and managers. Expenditures in the last two years have been \$4,100 (estimated) in FY98 and \$4,100 in FY97. The Division plans to offer this course three times per year at an average cost of approximately \$1,500. This requires an annual budget of \$5,000 in order to allow for unexpected cost increases. The limited spending authority for the training appropriation may prevent DMRS from providing these course offerings or meeting additional, but currently unidentified training needs. Revenues would be sufficient to cover these expenditures.

d) The *Office of Employee Development and Training (OEDT)* provides two types of training to state employees:

- Basic Supervisory Development, which — by statute — all new supervisors must complete. This five-day course is taught by DER staff.
- OEDT contracts with private training vendors and other state agencies to provide general training courses to state employees in such areas as purchasing, communication skills, conflict resolution, leadership, team building and group relationships, stress management, presentation skills, customer and public relationships and time management.

The insufficient spending authority restricts the ability of OEDT to deliver its training programs. Since the Biennial Budget removed position authorization for all clerical support positions, the Department has had to utilize limited-term employees (LTE) or other Department staff to provide program support (handling class registrations and cancellations, preparing class handouts, accounts receivable and general office functions). Additional spending authority is needed to employ LTEs to provide essential program support.

The limited spending authority also restricts the amount that can be used for payments to training vendors. Because some scheduled classes are canceled due to low enrollment, the Department has been able to stay within its spending authority. However, if more classes are held as a result of the Department's strategic planning and marketing efforts, the spending authority would be insufficient to cover class costs. Thus, the Department would be forced to cancel classes on its own even though the demand and revenues exist.

e) The *Division of Classification and Compensation* has recently begun offering training to state agency human resource staff and supervisors in the area of compensation administration and classification surveys. The motivation behind the training is the innovative broadband pay system that was revised and expanded during FY98 to include Senior Managers and represented and nonrepresented Information Technology employees. This new compensation system offers increased pay-setting discretion that involves taking into consideration a number of factors, including labor market information. Because of this expanded program and discretion, there is a growing need to keep employees updated and knowledgeable in these areas by providing relevant compensation-related training. Estimated training costs for FY99 are \$1,000.

f) "*Special Projects*" is an administrative account set up within the training appropriation, which has grown in scope. Certain departmental non-training costs which are reimbursed by other state agencies and/or individuals are accounted for in appropriation 133. These costs are handled in this fashion because of accounting rules that prohibit the costs from being treated as "refunds of expenditures" and by the lack of any other program revenue appropriation in which to record them. These reimbursed expenditures

will exceed \$15,000 in FY98 — which reduces the amount of spending authority otherwise available for training programs. The Department is considering requesting creation of a special program revenue-service appropriation for these types of expenditures in the 1999-01 Biennial Budget.

URGENCY OF REQUEST

The Department plans to submit a similar request for additional spending authority for this appropriation in its 1999-2001 Biennial Budget request. However, any additional spending authority granted through the next Biennial Budget is 12 months away. The additional spending authority is needed immediately in FY99 in order to:

- Authorize the project position to develop a Strategic Plan for state training programs and to assist in development of the Department's training request that will be included in the agency's 1999-2001 Biennial Budget recommendations. The 1999-2001 request will reflect long-term needs and objectives.
- Permit the provision of training regarding new compensation systems and labor-management issues that are of immediate concern in FY99.
- Allow sufficient spending authority to cover vendor-taught courses through OEDT.
- Provide sufficient LTE program support for OEDT as soon as possible.

CONTACT

Bob Van Hoesen, Budget Officer
Department of Employment Relations
267-1003

ATTACHMENTS

- I Description of Departmental Training Programs
- II Funding Commitment Letters from other State Agencies
- III Budgeted amounts, FY98 expenditures and revenues and revised budgets requested for FY99

ATTACHMENT I

Description of Departmental Training Programs

- The Office of Employee Development and Training (OEDT) is a functional unit of the Department of Employment Relations, organizationally located within the Division of Administrative Services. OEDT has responsibility for the formulation and implementation of policies for development and training of all civil service employees in state government. 1.0 FTE position is authorized.

The OEDT provides employee development and training services through a variety of human resource development programs. A major responsibility is to provide the statutorily required coordination and delivery of Basic Supervisory Training. This program focuses on the development of human management skills for all managers. A component of OEDT is Quality Improvement Training.

- State Employment Options (SEO) provides training to W-2 participants on employment opportunities in state civil service. 2.0 FTE positions are authorized for the SEO program, which is funded by the Department of Workforce Development via an inter-agency contract.
- Advanced Labor Management training (ALM) is a five-day course (officially titled "Advanced Certification Program in Labor Management Relations for State Managers") taught primarily by staff in DER's Division of Collective Bargaining (DCB). Revenues are used for the direct costs of the training (program materials, room rental, travel and lodging, etc.) and also to provide labor relations training and development to DCB staff.
- Recruitment and Selection Training is offered by the Division of Merit Recruitment and Selection for human resource and related staff. Revenues are used for the direct costs of the training (program materials, room rental, travel and lodging, etc.); after the payment of direct costs, revenues are split between the general training account (OEDT) and the DMRS account.
- The Division of Classification and Compensation has recently begun offering training to state agency human resource staff and supervisors in the area of compensation, administration and classification surveys in response to new compensation systems that offer increased pay-setting discretion.
- The Summer Affirmative Action Intern program coordinates placement of minorities, women and people with disabilities in LTE positions with state agencies. A training seminar is held annually for the participants, who pay fees to attend.
- "Special Projects" is an administrative account set up within the training appropriation to record certain departmental non-training costs which are reimbursed by other state agencies and/or individuals. These costs are handled in this fashion because of accounting rules that prohibit the costs from being treated as "refunds of expenditures" and by the lack of any other program revenue appropriation in which to record them.

ATTACHMENT II

Letters of funding commitment from the following state agencies:

Department of Health and Family Services
Department of Commerce
Department of Transportation



State of Wisconsin
Department of Health and Family Services

Tommy G. Thompson, Governor
Joe Lekan, Secretary



July 13, 1998

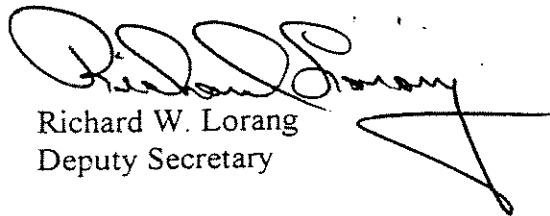
Jon E. Litscher
Secretary
Department of Employment Relations
137 East Wilson Street
Madison WI 53707-7855

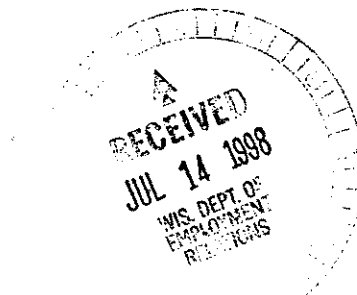
Dear Secretary Litscher:

This letter is to confirm the agreement between the Department of Health and Family Services and the Department of Employment Relations to assist in the funding of a project position which will direct the development and implementation of a State Strategic Plan for training pursuant to the recommendations of the Governor's Commission on State Human Resource Reform.

The Department of Health and Family Services commits to funding a portion of the project position for a period of not more than one year beginning August 1, 1998, through August 1, 1999. The amount of funding will not exceed \$20,000 and will be invoiced as agreed by the two agencies.

Sincerely,


Richard W. Loran
Deputy Secretary





July 20, 1998

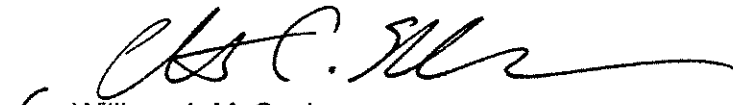
Jon E. Litscher, Secretary
Department of Employment Relations
137 E. Wilson Street
Madison, WI 53707-7855

Dear Secretary Litscher:

This letter is to confirm the agreement between the Department of Commerce and the Department of Employment Relations to assist in the funding of a project position that will direct the development and implementation of a State Strategic Plan for training pursuant to the recommendations of the Governor's Commission on State Human Resource Reform.

The Department of Commerce commits to funding a portion of the project position for a period of not more than one year beginning August 1, 1998, through August 1, 1999. The amount of funding will not exceed \$20,000 and will be invoiced as agreed by the two agencies.

Sincerely,


for William J. McCoshen
Secretary



Wisconsin Department of Transportation



Tommy G. Thompson
Governor

Charles H. Thompson
Secretary

OFFICE OF THE SECRETARY
P. O. Box 7910
Madison, WI 53707-7910

July 7, 1998

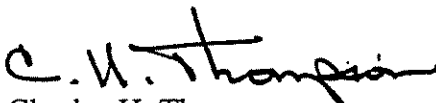
Jon E. Litscher, Secretary
Department of Employment Relations
137 E. Wilson Street
Madison, WI 53707-7855

Dear Secretary Litscher:

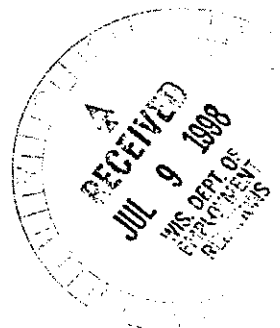
I am writing to confirm the agreement between the Department of Transportation and the Department of Employment Relations to assist in the funding of a project position, which will direct the development and implementation of a state strategic plan for training pursuant to the recommendations of the Governor's Commission on State Human Resource Reform.

The Department of Transportation commits to funding a portion of the project position for a period of not more than one year, beginning August 1, 1998, and ending August 1, 1999. The amount of funding will not exceed \$20,000.00 and will be invoiced as agreed by the two agencies.

Sincerely,


Charles H. Thompson
Secretary

CHT:ck



ATTACHMENT III

	Current Budget	FY 98 Expenditures	Revised Budget Requested for FY 99	FY 98 Revenues *	FY 99 Projected Revenues
Training Program					
Office of Employee Development and Training	\$ 123,700	\$ 113,829	\$ 245,400	\$ 148,482	\$ 250,000
Quality Improvement Training	10,000	5,642	500	-	-
State Employment Options	168,800	132,343	188,800	137,208	188,800
Advanced Labor Management	30,000	41,146	45,000	59,455	59,000
Summer Affirmative Action Intern Program Seminar	800	2,485	2,500	2,392	2,600
DMRS Recruitment & Selection Training	4,000	4,171	5,000	4,606	5,500
Classification and Compensation Training	-	-	1,000	-	1,100
Special Projects	5,000	15,210	15,000	15,777	15,000
Total	\$ 342,300	\$ 314,826	\$ 503,200	\$ 367,920	\$ 522,000

* Outstanding accounts receivables have been added to FY 98 revenues
Excludes amounts collected in FY 98 for courses/services provided in FY 97.

Attachment IV

A. Revenue and Expenditure Balance Sheet

	FY 98	Estimated FY 99	Estimated FY 00 as of July 1998
OPENING BALANCE			
PROGRAM REVENUES (accrual basis including accounts receivables)	35,200	90,239	104,660
TOTAL AVAILABLE REVENUE	367,920	522,000	471,240
EXPENDITURES (excludes projected pay increases for FY 99 & FY 00)	403,120	612,239	575,900
	312,881	501,600	444,256
RESERVES FOR EMPLOYE PAY INCREASES IN FY 99 & FY 00			
		5,979	3,999
CLOSING BALANCE	90,239	104,660	127,646

B. Actual FY Reve (cash basis excluding accounts receivable)

FY 96	290,046
FY 97	298,178
FY 98	385,407
FY 99	522,000 (projected)

C. Itemized Sources of Revenues (accrual basis)

	FY 98	Estimated FY 99
OEDT & QI (training course fees, plus \$60,000 from other agencies in FY 99)	\$	\$
SEO Program (grant contract with DWD)	148,482	250,000
Advanced Labor Management (training course fees)	137,208	188,800
SAAIP Conference (Conference registration fees from attendees)	59,455	59,000
Personnel Training (training course fees)	2,392	2,600
Classification & Compensation (training course fees)	4,606	5,500
Special projects (reimbursement or cost sharing from individuals or state agencies)	15,777	1,100
	15,777	15,000
TOTAL \$	367,920 \$	522,000

State of Wisconsin

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



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DEPARTMENT OF EMPLOYMENT RELATIONS

DATE: September 24, 1998

TO: Members, Joint Finance Committee

FROM: Jon E. Litscher, Secretary

SUBJECT: 13.10 Request, Agenda Item X:
Request for Increased Employee Development and Training Project
Staffing and Program Support

The Department of Employment Relations (DER) supports alternatives A. 1 (with nine months of funding, instead of seven) and B. 1 and agrees to the reporting directive contained in alternative A. 3.

Any of the other alternatives would severely restrict the Department's ability to:

- Complete and implement our strategic planning effort
- Meet the existing and growing demand for specialized training from state agencies

Postponement of this request to the next biennial budget is not feasible: additional spending authority is needed in the current fiscal year to cover training expenditures that will occur in FY 99. Postponement will mean that training activities will have to be curtailed in FY 99.

I would like to make several other points regarding DER's request and the conclusions reached in the Legislative Fiscal Bureau paper.

1. Since the 1991-93 budget, more than \$500,000 in spending authority and four positions have been cut from the Training budget. Although much of the reduction was in unused authority and positions, the cuts have now reached the "bone." They have severely hampered managerial flexibility to make the program "grow."
2. The program is now on sound footing. Revenues in FY 98 were up, compared to previous years. Sufficient revenues are and will be available to cover all expenditures.
3. As part of the strategic planning process, DER will focus on courses that provide the training required by state agencies and their employees. We will be conducting a thorough needs assessment and will develop curriculum — with outside providers as appropriate — which will meet those needs. There is a growing demand for advanced training for executives, senior managers and supervisors that must be filled.

(continued)



AN EQUAL OPPORTUNITY EMPLOYER



4. The Department does not have residual spending authority to cover increased costs for general training activities, as noted in the Fiscal Bureau analysis. FY 98 spending was \$29,000 below the authorized level only because a position was left open for more than six months in order to stay beneath the cap. This position is now filled and will consume most of that “unused” spending authority. Additional spending authority of \$38,900 is needed for this program to allow a full range of courses to be offered through private, commercial vendors.
5. Although some outside vendor courses are canceled due to low enrollments, the Department does not pay for canceled courses, as suggested in the Fiscal Bureau analysis. We still generate enough revenues to cover all costs. Furthermore, classes taught by in-house DER or DOA staff are almost never canceled — they are very popular courses and generate about three-fourths of training class revenues.
6. The salary for the project position must be at the level requested by DER. The salary must be sufficient to attract an individual with the business experience, marketing skills and understanding needed to conduct the kind of strategic planning normally done by highly paid consultants. Consultants qualified to do this type of planning and implementation would charge far more than the salary being requested. This level of planning is not normally done by a program and planning analyst.
7. The project position could be filled much sooner than the November 1 date mentioned in the LFB paper. At least nine months of funding is needed — not the seven months listed in the alternatives.